

Chapter 13 - Project Accounting

PURPOSE

This chapter presents procedures to be followed when establishing projects, recording project budgets and requesting billings. It also includes typical examples which may be followed. It is not intended to provide users with an overview of the R*STARS project accounting capabilities nor is it intended to “stand-alone” as a guide to using the Project Billing subsystem. The R*STARS Reference Manual, Chapter 12 should be reviewed prior to attempting to utilize this subsystem.

Section	Page
13.1 Maintenance of the Project Control Profile	13.1-1
13.2 Maintenance of the Grant/Project Billing Request Profile	13.2-1
13.3 Maintenance of Other Project-Related Profiles	13.3-1
13.4 Entry of Project Budgets	13.4-1
13.5 Reporting and Inquiry	13.5-1
13.6 Project Examples	13.6-1

The project accounting and billing capabilities in R*STARS are provided through the use of the Grant/Project subsystem. This subsystem may be utilized to account for project costs only or may be utilized for its more complex features including budgeting and billing. The flexibility of this subsystem enables each agency to choose the level of complexity required on a project-by-project basis. In R*STARS, the generic term “project” refers to several different types of projects, and may include the following:

- n **Capital Projects** — which are typically funded internally, although funding may be from outside sources.
- n **Interagency Agreements** — which are agreements for one agency to provide services to another agency within the government and may or may not be reimbursable.
- n **External Projects** — which may be funded by sources external to the state.
- n **Other Projects** — are not classified as one of the above types.

Data Entry Guide Project Accounting

The capabilities associated with each of these types of projects include:

- n Capturing and reporting financial information for expenditures, encumbrances, budgets, billings and receipts whether or not the project is defined within R*STARS as “billable.”
- n Calculating and reporting billing transactions for externally reimbursable projects.
- n Calculating and generating billing transactions for billable work authorizations.
- n Calculating billings using a variety of methods, including actual costs, standard costs per unit and standard percentage rates.
- n Providing budgetary control over encumbrances and expenditures charged to a project.
- n Limiting the amount of billing transactions to the billable limits for each project.
- n Billing by phase, which enables specific phases of work to be billed to another project whereby the billing transactions are generated with the phase number entered on the expenditure transactions against the work phase.
- n Associating a project with a grant to reduce the number of elements required to be entered on financial transactions.
- n Providing project-related reports which enable evaluation of financial information at a variety of different levels (transaction levels to summary levels) and a variety of different sort sequences.

This chapter provides the procedures to be followed to define the project accounting and billing methodologies, enter project budgets and request billings. Prior to attempting to complete any of the project-related system profiles or enter project budgets, users must first determine which system capabilities are required for each project. A thorough review of the R*STARS Reference Manual, Chapter 12 is a prerequisite to this step.

13.1 MAINTENANCE OF THE PROJECT CONTROL PROFILE (27)

The 27 Project Control ~~PC~~ ~~p~~profile provides substantial flexibility in the methodology used to identify and account for projects and interagency agreements in R*STARS. To provide this flexibility, the Project Control ~~p~~profile maintains a variety of information regarding each individual ~~P~~project. Project ~~P~~phase, agency code 2, ~~P~~project billing type, billing method, posting indicators, control dates and a number of other classification elements are maintained for each project. The format of the Project Control ~~p~~profile is divided into several segments: control key, information elements, indicators, billing information, billing classification elements and recovery classification elements. The following paragraphs provide a description of the data segments maintained in the Project Control ~~p~~profile.

This profile is maintained by the controlling or servicing agency and includes:

- n **Project Identification** — these elements include the project number, project phase, title of project phase, agency code 2, project type, contractor and contractor suffix, and look up elements used to reduce coding on project-related transactions. Effective start and effective end dates are included to open and close the project for posting financial transactions.
- n **Indicators** — this segment defines the levels used to post financial information to the Project Financial Table and the severity of budget control.
- n **Billing Information** — these elements define how and when the project will be billed. The billing type, billing method, billing cycle and billing dates (in MMDD format) are included, along with a range and rate which are required for certain billing methods. A customer number and mail code in this segment is used for externally reimbursed projects. Three Yes/No indicators are provided to allow the user to indicate whether billing computation is based on soft match, in kind, or memo entries.
- n **Billing Classification Elements**~~Buyer's Accounting Distribution~~ — this segment defines how the internal charge transaction to the buyer will be generated for interagency contracts~~work authorizations~~. The transaction code defines the type of transaction and the classification elements define which index, comptroller or agency objects, and appropriation year will be included on the transaction.

Data Entry Guide
Project Accounting

n **Recovery Classification Elements** — this segment defines how the recovery transaction to the seller will be generated for reimbursable projects. Included are the transaction code and all of the classification elements used to record revenue, expenditure reimbursement and accounts receivable transactions.

See Chapter 6 for a description of the 27 Project Control profile.

13.2 MAINTENANCE OF THE GRANT/PROJECT BILLING REQUEST PROFILE

The Grant/Project Billing Request (**PB**) profile is used to request the billings for projects which are not scheduled for automatic billing at month end. The **PB Grant/Project Billing Request** profile provides the ability to request a selected cycle of projects. It contains a cycle selection which is used by the Project Billing subsystem to select projects which have billing schedule dates in the **Project Control** profile which fall within the cycle selection. The following example illustrates:

PB Profile Cycle Selection: FROM 0801 TO 0803
MMDD
PC Profile Entries Selected: 0801

 _____ - 0802
 _____ 0803
 _____ - 01
 _____ 02
 _____ 03

MM = Month DD = Day

The billing capabilities in R*STARS may be selected on a Project or Grant Phase-by-Phase basis and include these two primary options.

- n **Cycle Selection** — billing transactions may be calculated at each period end or on specific dates or other cycles such as monthly, quarterly, etc.
- n **Billing Method** — bills may be calculated with or without regard to billable budgets and may be calculated using actual costs, standard percentages or standard costs per unit.

All projects with a billing cycle of “2” (bill on specific date) and MMDD values which fall within the **project billing** cycle selection are printed on the Project Billings Detail Report.

13.3 MAINTENANCE OF OTHER PROJECT-RELATED PROFILES

The Project Billing subsystem also utilizes six~~three~~ other profiles in R*STARS: The D42 Project Number profile, the D06 Project Type profile, the D60 Project Group profile, the D41 Project Category profile, the D27 Agency Code 2 profile and the 25 Agency Control profile. The functions of these profiles are described below and references to the input coding instructions are provided.

Project Number Profiles

The D42 Project Number profile may be used to enter a title or description of the Project Number. This title is then displayed on project-related reports. The title for each phase of the project is maintained in the Project Control profile described above. The project phase budget indicator, project category, and project manager are also indicated on this profile. Input coding instructions are included in Chapter 5.

Project Type Profile

The D06 Project Type profile is agency defined and could include: capital projects, other projects, and external projects. Input coding instructions are included in Chapter 5.

Project Group Profile

The D60 Project Group profile is agency defined and identifies project groups and associated titles. Input coding instructions are included in Chapter 5.

Project Type Profile

~~The D06 Project Type Profile is agency defined and could include: Capital projects, other projects, external projects.~~

Project Category Profile

The D41 Project Category profile defines systemwide project categories and their associated titles. Project Category serves as an alternate roll up of project numbers and may be used to account for capital projects that cross agencies. Input coding instructions are included in Chapter 5.

Data Entry Guide
Project Accounting

Agency Code 2 Profile

The D27 Agency Code 2 profile is agency defined and identifies agency code 2 records and associated titles. The Agency Code 2 element may optionally be used for a lower level of project tracking, budgeting, or billing. Input coding instructions are included in Chapter 5.

When existing indexes/PCAs are changed midyear, an agency faces the potential for internal transaction (IT) file mismatches. As an example, a receivable is established using an index/PCA without an agency code. The original index/PCA is subsequently modified with Agency Code 2. Then, if the modified index/PCA is used to satisfy the existing receivable, the revenue transaction won't satisfy the receivable, i.e., an IT file mismatch will result.

To ensure matches to existing transactions, you must select from one of the following methods to implement the necessary coding structure changes:

- 1) Keep the current coding in place for all transactions initiated but not completed prior to the date of change, and add additional coding that includes Agency Code 2 for all transactions initiated date of change or later;
- 2) Add Agency Code 2 to your existing indexes/PCAs after all transactions initiated prior to date of change have completed their cycle and have posted to the history file (NOTE: user this method, you must begin to use Agency Code 2 after a reasonable period and not later than ten business days from date of change); or
- 3) Agencies may, at their discretion, key the Agency Code on new transactions initiated date of change or later.

This process requires additional effort on the agency's part, but is designed to minimize the burden of coding changes required midyear.

Agency Control Profile

To provide each agency with a method of controlling those expenditures which exceed the billable budgets, a unique classification is established in the 25 Agency Control profile. This classification, called the "Billing Deficit Accounts," consists of:

- n Index
- n PCA

The system posts this classification in the database for recoveries which do not equal billable amounts. The system also extracts this classification from the database when the billing transaction is generated to check for costs that exceed a billable budget.

Data Entry Guide Project Accounting

Agencies which have projects with billable budgets, or which use billing methods “1,” “2,” “3” or “4,” should set up billing deficit accounts in the Agency Control profile.

One important rule must be followed: Once billing deficit accounts have been established in the Agency Control profile and utilized by the Project Billing subsystem, they may not be changed. Billing deficit accounts may only be changed when a new Agency Control profile record is established each year.

Input coding instructions for the 25 Agency Control profile are included in Chapter 6.

13.4 ENTRY OF PROJECT BUDGETS

The use of project budgets is an optional feature of R*STARS. The Project Control profile (discussed in Section 13-1) contains indicators which define whether billable and/or expendable budgets will be used.

When project expendable or billable budgets are utilized, the budgets must be entered as standard financial transactions. These budgets are entered using transaction codes established specifically for this purpose. Billable and expendable budgets require two transaction codes.

Once the project budgets are established, they may be adjusted (increased or decreased) at any time by entering adjustment transactions into the system in the same manner as the original budgets were entered. Normally, decrease adjustments are entered with the reverse code set to "R."

Many levels of budgets are available for projects. Appropriations, allotments and financial plans are discussed in the R*STARS Reference Manual, Chapter 6. In addition to these, billable budgets and expendable budgets may also be recorded and controlled. These optional budgets may be recorded on a phase-by-phase basis, or at the project level, or by agency code 2. Billable and expendable budgets are discussed below.

Billable Budgets

Billable budgets may be entered at the project or phase level or by expenditure object or agency code 2 within project or phase. These budgets serve to limit the amount of the billing transaction calculated.

Billable budgets may be used not only to limit the amount of the charge but to limit the types of expenditures billed. In this way, only specified expenditure object codes would be billed even though other costs may be charged to the project.

It should be noted that if the billable budget option is selected and no budget is entered, billing transactions will not be generated or reported.

Billable budgets, if utilized, must be entered at the same level as the Expenditure Posting Level Indicator in the Project Control pprofile and must be entered for the appropriate objects (comptroller or agency). If these rules are not followed, expenditures will not be billed.

Revenue, expenditure reimbursement and accounts receivable transactions may be limited to the billable budget amount if certain billing methods are chosen. The Grant/Project Billing subsystem calculates the total cumulative-to-date expenditures, deducts previously billed

Data Entry Guide
Project Accounting

amounts and compares the result to the billable budget. The billing is then generated for an amount up to the billable budget amount.

Users should monitor billable budgets to ensure that they are reasonable and that the appropriate amount of billing transactions are being generated.

In summary, a budget must be recorded when expenditures are recorded in the Project Financial Table.

Expendable Budgets

The second type of project budgets are expendable budgets and can be recorded to limit the amount of expenditures charged to the job. When expenditure transactions are entered against a project, the available balance of the expendable budget is compared to the amount of the expenditure.

Like billable budgets, expendable budgets may be recorded at the project or phase level or at the agency code 2 or object level within project or phase. By entering expendable budgets at a level below project or phase, the types of expenditures charged against a project may be controlled. For example, if fatal control is selected for an expendable budget for personal services, only personal services expenditures may be charged to the project.

Expendable budgets must be recorded using the same rules as those described above for billable budgets. That is, expendable budgets must be entered at the same level as the Expenditure Posting Level indicator in the Project Control profile and must be entered for the appropriate objects.

Encumbrance and expenditure transactions are controlled against the project expendable budget if this option is chosen. If the Project Control Type indicator in the Project Control profile is set to "1," encumbrance and expenditure transactions which exceed the expendable budget will fail and be written to the Error file. If set to "2," these transactions will post to the financial files (including the Project Financial Table) and a warning message will be issued. If set to "0," these transactions will post to the financial tables and will not be evidenced by an error message.

The Budgetary Transaction Entry screen and coding instructions are covered in Chapter 3.

13.5 REPORTING AND INQUIRY

The project-related reporting capabilities of R*STARS include online inquiry, system-generated reports and user-requestable reports. These capabilities provide a full range of financial information for both reimbursable and non-reimbursable projects.

Online Inquiry

The primary source of online financial information for projects is available through the 80 Project Financial Inquiry screen. ~~An example~~The screen is shown on the next page.

The key to this screen is agency, project, phase, agency code 2-, fund and comptroller/agency object. The level of information maintained in this table is defined in the Project Control Profile indicators. The 56 Project Transaction Inquiry screen reads the Accounting Event Table. This inquiry screen provides transaction information for an agency with regard to particular projects and balance types. Detail procedures for using the online inquiry features of R*STARS are provided in Chapter 3.

System-Generated Reports

The DAFR4021 Project Billings Detail Report is generated automatically each time the project subsystem is run, both during the month for projects scheduled for non-month-end billing and at month-end. (For non-month-end billings, this report is generated only when requested through the Grant/Project Billing Request profile). This report displays the charge, recovery and deficit transactions calculated by the system.

User-Requestable Reports

Except for the Project Billings Detail Report, all project related reports are user requestable. Agencies must specifically request these reports by following the procedures outlined in Chapter 11. The project-related requestable reports which are available from R*STARS are also listed in this chapter.

Data Entry Guide Project Accounting

```

LINK TO:                                PROJECT FINANCIAL INQUIRY                                FACS

      AGENCY:
      PROJ NO:
      PROJ PH:
      AGY CD-2:
      FUND:          COMP/AGY OBJ:          AGY OBJ GROUP:          PROJECT TYPE:
      PROJ MGR:
      INQ TYPE: MC   (MA, YA, MY, YY, MC, YC)  DETAIL/SUMMARY: D
      INQ YEAR:      INQ MONTH:          EXPEND BUDGET BALANCE:
                                      NET CASH ACTIVITY:
      BT      TITLE          AMOUNT  BT      TITLE          AMOUNT
  
```

F1-HELP F5-NEXT F9-INTERRUPT ENTER-INQUIRE CLEAR-EXIT

13.6 PROJECT EXAMPLES

This section presents a number of examples which illustrate varying levels of complexity in using the Project subsystem. Completed screens are included to display profile entries and brief descriptions of the examples follow.

Example 1

Agency ADA has received an appropriation to construct a new library. It will be built in phases over a period of three years, with the first year's emphasis on design and engineering. In the second year, construction will commence. During the third year, construction and landscaping should be completed. Besides the appropriation level budget, no project budgets are required. Since the project is funded internally, no billings are required.

This is the simplest form of project accounting, where life-to-date expenditures are accumulated but budgets and billings are not required.

The following page displays the D42 and 27 profile screens for establishing the project in R*STARS. The 27 profile shown displays the entry for the first phase — Design. Additional 27 profiles will be completed and entered for the remaining phases. The D42 profile must be completed before the 27 profile is established.

Example 2

Agency ADA has agreed to provide building maintenance services to Agency PSA for fiscal year 1994. During the year, month-end billings for actual costs will be charged to the buyer. The buyer and seller, however, have agreed that the total charges shall not exceed \$12,000 for the year. The \$12,000 represents the billable budget. The seller agency does not require expendable budgets. The seller in this example is funded by the general fund; therefore, the transaction code entered in the Seller's Accounting Distribution identifies that the recovery will be credited as an expenditure reimbursement.

~~Page 13.6-3 shows the screen used to enter the billable budget. The following pages show the screens used to set up this interagency agreement in the Project Control Profile and record and enter the billable budget.~~

Data Entry Guide
Project Accounting

```

SD42 VER 2.0                      R★STARS ACCOUNTING                      08/15/94 12:00 PM
LINK TO:                          PROJECT NUMBER PROFILE                      FACS
                                   NOTE: N
      AGENCY: ADA (MUST BE IN D02 AGENCY PROFILE)
PROJECT NUMBER: 000011
      TITLE: LIBRARY CONSTRUCTION
      DESC: WEST WING ADDITION
      PROJ TYPE: 2 (MUST BE IN D06 PROJECT TYPE)
      PROJ GROUP: 100 (MUST BE IN D60 PROJECT GROUP)
PROJ PH BUDGET LEVEL IND: Y (Y OR N - CONTROL BUDGETS AT PHASE LEVEL)
AGY BUD PROJECT LEVEL IND: 0 (0=NO PROJECT, 1=PROJECT, 2=PROJECT/PHASE)
      PROJECT CATEGORY: 123456      FISCAL YEAR END: 0630
PROJECT MANAGER: HENRY JOHNSON
      PHONE NO: 410 555 4545
      REPORT DATES: 0630 0531 0430 1231
AUDIT COMP DATE:                  AUDIT IND: N
PART FUND AND %: 0001 100.000

                                   STATUS CODE: A
EFF START DATE: 05211994   EFF END DATE:   LAST PROC DATE:

F1-HELP F3-DEL F5-NEXT F9-INT F10-SAVE F11-SAVE/CLEAR ENTER-INQ CLEAR- EXIT

```

```

S027 2.0                      R★STARS ACCOUNTING                      08/15/94 12:00 PM
LINK TO:                          PROJECT CONTROL PROFILE                      FACS
                                   NOTE:
      AGY: ADA      PROJ NO/PH: 000011 01 AGY CD 2:
      TITLE: LIBRARY CONSTRUCTION -DESIGN PHASE
PROJ TYPE:      CONTRACTOR/SFX: 1111111111 111      FINAL POST DATE: 06311995
VALID PCAS:
GRANT NO/PH:      AGY CD 1:      SERV DATE CTL IND: N      GEOG CODE: 01
SGL POST LVL IND: 0 EXP POST LVL IND: 0 REV POST LVL IND: 0 PROJ CTL TYPE: 0
BILLING TYPE: 4      METHOD: 0      CYCLE: 0      MMDD: 1      2      3      4
OBJ RANGE - LOW:      HIGH:      RATE:      CUST NO/MC:
BILLING COMP - SOFT MATCH: N IN KIND: N      MEMO ENTRIES: N
BILLING - AGY:      CUR DOC/SFX:      TC:      INDEX:
      PCA:      AY:      COMP/AGY OBJ:      FUND:
PROJ/PH:      GRANT/PH:      REF DOC/SFX:
MP CODE:      AGY CD - 1:      2:      3:
RECOVERY -      CUR DOC/SFX:      TC:      INDEX:      PCA:
      AY:      COMP/AGY OBJ:      FUND:      REF DOC/SFX:
MP CODE:      AGY CD - 1:      2:      3:
RTI:
EFF START DATE: 05231994   EFF END DATE:   LAST PROC DATE:

                                   STATUS CODE: A

F1-HELP F3-DEL F5-NEXT F9-INT F10-SAVE F11-SAVE/CLEAR ENTER-INQ CLEAR-EXIT

```

Data Entry Guide
Project Accounting

S503 2.0 R*STARS ACCOUNTING 08/15/93 12:00 PM
LINK TO: BUDGETARY TRANSACTION ENTRY NOTE: FACS

BATCH: AGENCY ADA DATE 052194 TYPE 1 NO 001 SEQ NO 00002 MODE EDIT AND POST

DOC DATE: 052194 EFF DATE: 052194

CUR DOC/SFX: A0000011 001 REF DOC/SFX: AGENCY: ADA

TRANS CODE: 070 PROJECT BILLABLE BUDGET

INDEX: 10000 ADMINISTRATION

PCA:

AY: 94

COMP/AGY OBJ:

AMOUNT: 12000.00

RVS:

FUND OVRD:

DOC COUNT: 00001 DOC AMT: 00000012000.00 DOC AGY: ADA

DESCRIPTION: BILL BUDGET - 696 BLDG MAINT

APPN NO:

FUND: 0001

GL ACCT/AGY:

GRANT NO/PH:

SUBGRANTEE:

PROJ NO/PH: 000011 01

MPCD:

AGY CD-1:

2:

3:

RTI:

TRANSACTION SUCCESSFULLY WRITTEN

F1-HELP F3-RTI F4-EDIT F5-NEXT F6-BALANCING F7-DETAILS F9-INTERRUPT F10-SAVE F11-
SAVE/CLEAR F12-HEADERS CLEAR-EXIT